



## SOCIAL SECURITY

Office of the Chief Actuary

July 11, 2013

The Honorable Sam Johnson  
Chairman, Subcommittee on Social Security  
Committee on Ways and Means  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Johnson:

We are writing in response to your request for estimates of the financial effects on Social Security of two changes proposed in the President's Fiscal Year 2014 Budget. The two proposed changes would:

- a. Alter the computation of the annual Social Security cost of living adjustment (COLA) to reflect change in the chain-weighted consumer price index for all urban consumers (C-CPI-U), and
- b. Provide beneficiaries with a benefit enhancement beginning in their 15<sup>th</sup> year of benefit eligibility.

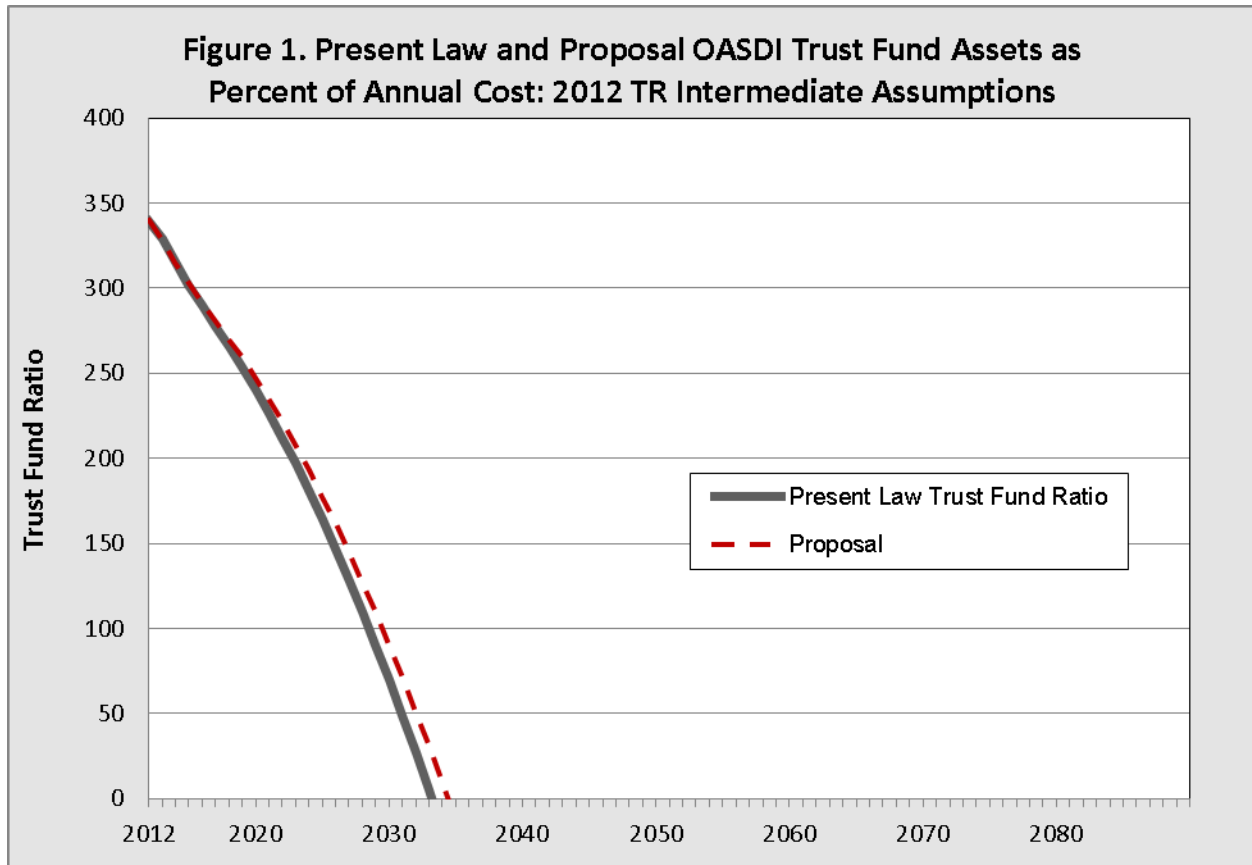
Other changes proposed in the Budget, which may have financial effects on the Social Security program, are not included in the estimates provided in this letter.

We have based the specifications for these provisions on the material available on the White House web site. The estimates provided here reflect our understanding of the intent of these provisions including details we believe to be consistent with that intent. The estimates presented reflect the combined efforts of many in our office, but particularly Alice Wade, Chris Chaplain, Dan Nickerson, Jason Schultz, Tiffany Bosley, and Katie Sutton.

The enclosed tables provide estimates of the effects of the two provisions (the proposal) on the cost, income, and trust fund reserves for the Old Age, Survivors, and Disability Insurance (OASDI) program, as well as the estimated effects on retired worker benefit levels for selected hypothetical workers. In addition, tables 1b and 1b.n reflect the Federal budget implications of the two provisions. We estimate that enactment of these provisions would extend full solvency of the OASDI program for an additional year, with the projected depletion of the combined OASI and DI Trust Fund reserves changing from 2033 under current law to 2034 under the proposal. All estimates provided here are based on the intermediate assumptions of the 2012 Trustees Report.

## Summary of Effects of the Provisions on OASDI Actuarial Status

Figure 1 below illustrates the expected change in the combined Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Fund reserves, expressed as a percent of annual program cost, assuming enactment of the two provisions of this proposal.

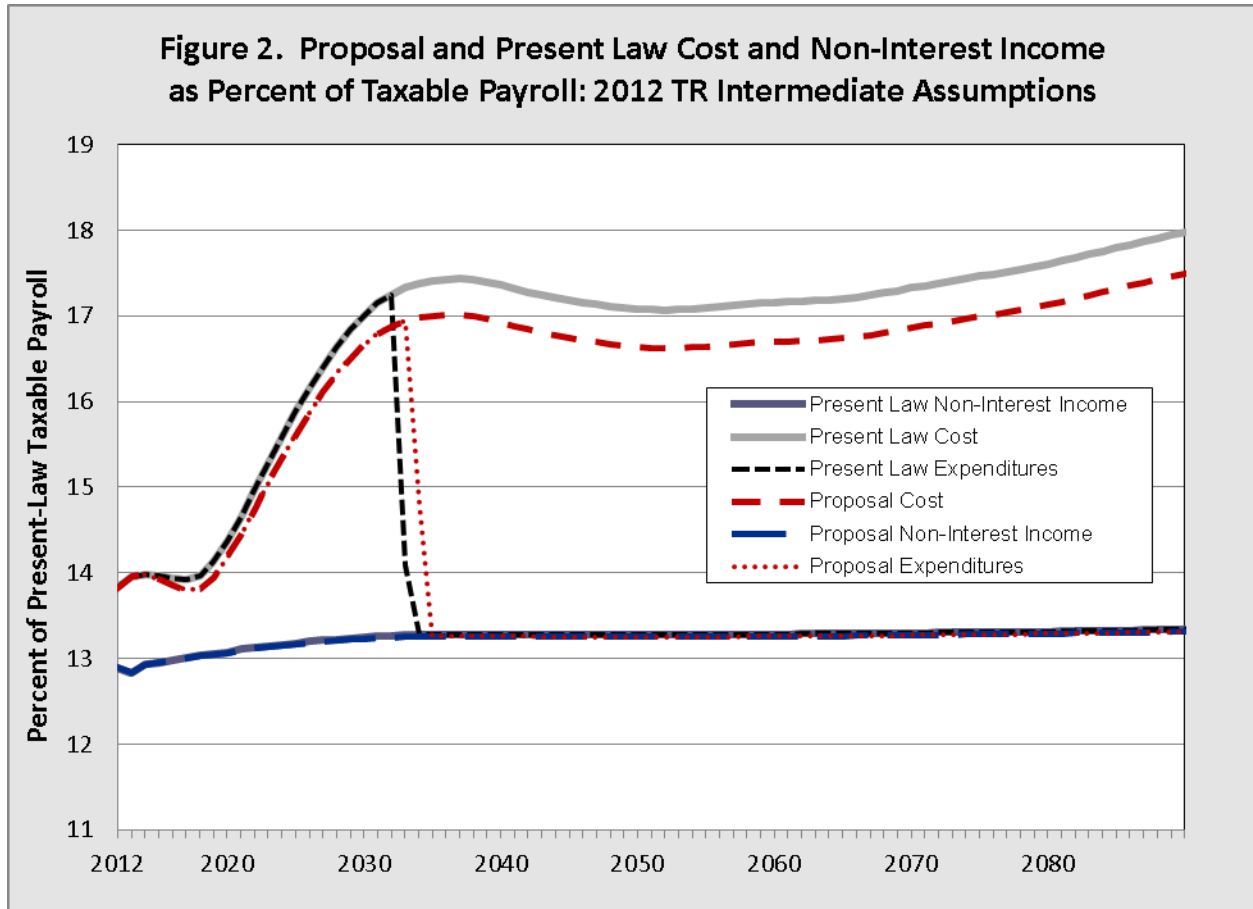


Note: *Trust Fund Ratio* for a given year is the ratio of reserves in the combined OASI and DI Trust Funds at the beginning of the year to the cost of the program during the year.

Assuming enactment of the two provisions, the level of reserves for the theoretical combined OASI and DI Trust Funds would decline from 340 percent of annual program cost at the beginning of 2012 until these reserves would become depleted in 2034 (1 year later than projected depletion under current law). At the time of reserve depletion in 2034, the program would be able to pay about 77 percent of then scheduled benefits with continuing taxes (under current law and the intermediate assumptions of the 2102 Trustees Report, 75 percent of scheduled benefits are projected to be payable in 2033 after depletion). By 2086, 75 percent of benefits scheduled under the proposal would be payable compared to 73 percent of scheduled benefits payable under present law.

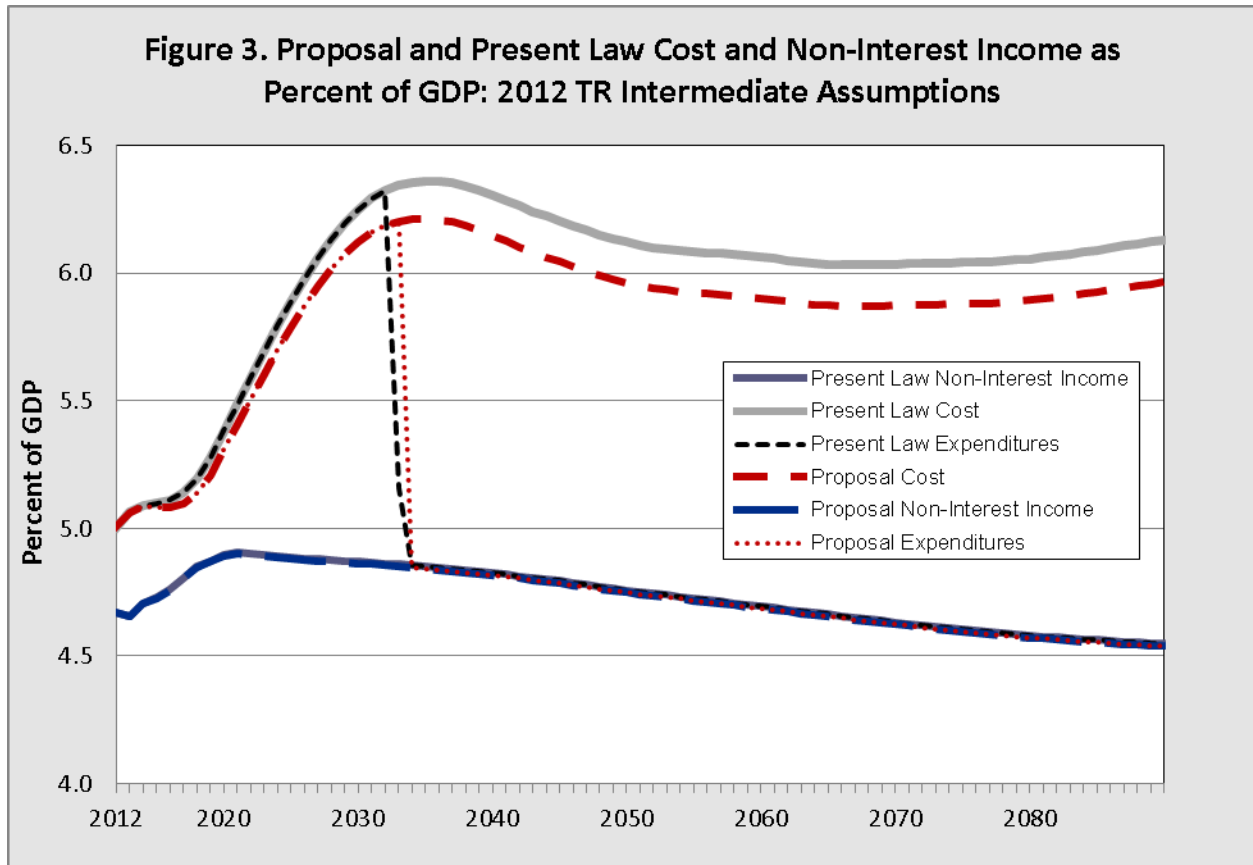
Enactment of the proposal would eliminate about 13 percent of the long-range OASDI actuarial deficit of 2.67 percent of taxable payroll under current law, lowering the OASDI actuarial deficit to 2.32 percent of payroll for the long-range period.

Figure 2 below illustrates annual projected levels of cost, expenditures, and non-interest income as a percent of the current-law taxable payroll. The projected levels of cost reflect the full cost of scheduled benefits under both present law and the proposal. After trust fund reserve depletion, projected expenditures under current law and under the proposal include only amounts payable from projected tax revenues (non-interest income), which are less than projected cost.



After 2013, OASDI program cost is lower under the proposal than under current law. This difference in program cost increases gradually over time to about 0.48 percent of current-law payroll by 2086. Non-interest income under the proposal is slightly lower than under current law, with the difference in non-interest income at 0.03 percent of payroll by 2086. The proposal improves the annual cash-flow balance (non-interest income minus program cost) by 0.26 percent of payroll for 2025, with the improvement increasing to 0.45 percent of payroll by 2086. Under the proposal, annual cash-flow balance is still negative for all years of the projection period, with annual deficits reaching 4.05 percent of payroll by 2086. As a comparison, the projected annual deficit under current law is 4.50 percent of payroll for 2086 under the intermediate assumptions of the 2012 Trustees Report.

It is also useful to consider the projected cost, expenditures, and income for the OASDI program expressed as a percentage of Gross Domestic Product (GDP). The graph below illustrates these levels under both current law and the proposal.



### Specifications of the Provisions of the Proposal

#### *(1) Change the COLA to be based on C-CPI-U*

Under current law, the annual COLA for Social Security benefits effective for December of a year is equal to the percentage increase (if any) in the average CPI-W<sup>1</sup> for the third quarter of the year over the average for the third quarter of the last prior year in which a COLA became effective.

Starting with the COLA for December 2014, the proposal would use the chain-weighted consumer price index for all urban consumers (C-CPI-U) in place of the CPI-W. Because the C-CPI-U reflects changes in spending patterns of consumers during each month, a final version of the C-CPI-U index is not available until 2 years after the measurement period. An initial value for the C-CPI-U is available with the same timing as the CPI-W, an interim value one year later, and the final value 2 years after the initial value is released. We expect the following two

<sup>1</sup> Consumer Price Index for Urban Wage Earners and Salary Workers

possible approaches for the computation of the COLA under the C-CPI-U to have similar financial impacts on the OASDI program.

*Approach 1:* Under this simple approach, the COLA is computed as it is now, using the initial C-CPI-U index levels in place of the CPI-W index levels. The initial C-CPI-U level is computed using the “geometric means” approach for combining increases across the 211 broad strata of goods and services used for all CPI indices. On average, increases in the initial C-CPI-U values from one period to another are expected to be the same as increases in the final C-CPI-U for the same periods.

*Approach 2:* Under this more complex approach, the COLA is computed as in *Approach 1*, but two adjustments would be included. The first adjustment would include the difference between the increase in the initial C-CPI-U values used in determining the immediate prior COLA and the increase in the interim values for the same period. The second adjustment would include the difference between the increase in the interim C-CPI-U values used in adjusting the second prior COLA and the increase in the final values for the same period.

We expect either approach to yield COLAs that are on average 0.3 percent less than current law COLAs. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.53 percent of taxable payroll and to reduce the annual deficit for the 75<sup>th</sup> projection year (2086) by 0.73 percent of payroll.

(2) *Benefit (PIA) enhancement starting with the 15<sup>th</sup> year of benefit eligibility*

This provision provides for a benefit (PIA) enhancement beginning in 2020, starting with the 15<sup>th</sup> year of eligibility for an OASDI benefit based on the earnings record of a worker. For example, for a retired worker becoming eligible for benefits at age 62 (regardless of the age at which benefits actually start), payment of the first stage of the enhancement will begin to phase in the year the retiree attains age 76. For a disabled worker first entitled to benefits at age 52, payment of the enhancement will begin to phase in the year the worker attains age 66.

The *base amount* of the enhancement is computed as 5 percent of the average PIA for *all* retired worker beneficiaries for December of the worker’s 13th year of benefit eligibility. This base amount is increased by COLAs each year thereafter.

The first stage of the enhancement phases in by adding 10 percent of the base amount to the PIA for December of the 14th year of eligibility, which is first paid to beneficiaries in January of the 15<sup>th</sup> year of eligibility (the year attaining 76 for retirees). The PIA for December of the following year is increased by adding an amount that brings the total increase to 20 percent of the base amount. This pattern of the enhancement continues until the PIA for December of the 23<sup>rd</sup> year of eligibility is increased to total of 100 percent of the base amount, which is first paid in January of the 24<sup>th</sup> year of eligibility (the year attaining age 85 for retirees).

The second stage of the enhancement phases in over 10 years starting in the 34<sup>th</sup> year of eligibility (the year attaining age 95 for retirees). The PIA used for benefits paid in the 43<sup>rd</sup> year of eligibility (age 104 for retirees) is increased by a total of 200 percent of the base amount.

For beneficiaries who are past the 15<sup>th</sup> year of eligibility in 2020, the 10-year phase in of the base amount will begin with benefits paid in 2020, with 100 percent of the base amount added to the PIA for benefits paid in 2029. Similarly, for beneficiaries who are past the 34<sup>th</sup> year of eligibility in 2020, the second stage of the benefit enhancement will begin to be phased in over 10 years starting in 2020.

The benefit enhancement affects the PIA of the worker on the record. The worker's PIA governs the amount and timing of benefit enhancement paid to auxiliaries and dependents. For example, the timing of benefit enhancements for young survivor benefits is based on the number of years since the initial computation of the PIA (generally the year of death of the worker if under 62 and not disabled at death).

This provision, incremental to the effect of the chain-weighted CPI provision described above, is estimated to increase the long-range OASDI actuarial deficit by 0.18 percent of taxable payroll and to increase the annual deficit for the 75<sup>th</sup> projection year (2086) by 0.27 percent of payroll.

## **Detailed Financial Results for the Provisions of the Proposal**

### Summary Results by Provision

**Table A** provides estimates of the effects on the OASDI long-range actuarial balance for the two provisions of the proposal separately and on a combined basis. The table also includes summary estimates for the effect on the annual balance (the difference between income rate and the cost rate, expressed as a percent of present-law taxable payroll) for the 75<sup>th</sup> projection year, 2086.

### Benefit Illustrations

**Tables B1 and B2** provide illustrative examples of the projected change in benefit levels under the two provisions for beneficiaries retiring at age 65 in future years at five selected earnings levels, with selected numbers of years of work. **Table B3** provides additional important information on characteristics of the illustrative retiring workers.

**Table B1** compares the initial benefit levels assuming retirement at age 65 under the basic provisions of the proposal to both scheduled and payable present-law benefit levels. The final two columns of this table show the level of scheduled benefits under the proposal as a percentage of present law scheduled and present law payable benefits, respectively. In the final column, no percentage is provided for years after 2033 because scheduled benefits under the proposal would not be fully payable.

**Table B2** compares the change in scheduled benefit levels at ages 65, 75, 85, and 95 under the proposal to scheduled benefits under present law, assuming retirement at age 65. Table B2 shows that projected scheduled benefits under the provisions of this proposal decrease in relation to present-law scheduled benefits between ages 65 and 75. However, by age 85, proposed benefits for the very-low and low earners are higher than those scheduled under present law, because the increase in their benefits due to the benefit enhancement is greater than the reduction in their benefits due to the COLA. Proposal benefit levels at age 95 include the very first year of the second stage of the benefit enhancement.

For all but the *Maximum-AIME Steady Earner*, the hypothetical earners represented in these tables reflect average career-earnings patterns of earners who started receiving retirement benefits under the Social Security program in recent years. The tables subdivide workers with very low, low, and medium career-average earnings levels by their numbers of years of non-zero earnings. The *Maximum-AIME Steady Earner* is assumed to have earnings at ages 22 through 64 that equal the present-law taxable maximum level (equivalent to \$110,100 in 2012).

**Table B3** provides information helpful in interpreting the benefit illustrations in tables B1.1 and B2.1. Percentages in Table B3 are based on tabulations from a 10-percent sample of newly-entitled retired workers in 2007. Table B3 displays the percentages of these newly-entitled retired workers in 2007 that are closest to each of the illustrative examples and are:

- 1) “Dually Entitled”, meaning they received a higher spouse or widow(er) benefit based on the career earnings of their husband or wife,
- 2) “WEP” (Windfall Elimination Provision), meaning that they received a reduced benefit due to having a pension based on earnings that were not covered under the OASDI program (primarily certain government workers), and they had less than 30 years of substantial earnings that were taxable under the OASDI program,
- 3) “Foreign Born”, meaning that they entered the Social Security coverage area after birth (and generally after entering working ages), and
- 4) “All Others”, meaning they had none of the three characteristics listed above.

The extent to which retired-worker beneficiaries represented by each of the illustrative examples has any of the characteristics listed above (dually entitled, WEP, foreign born) is important because such individuals are less dependent on the OASDI benefit that relates to their own career-average earnings level.

### Trust Fund Operations

**Table 1** shows the annual cost and income rates, annual balances, and trust fund ratios (reserves as percent of annual program cost) for OASDI assuming enactment of the two basic Social Security provisions of the proposal. This table also shows the change from present law in these cost rates, income rates, and balances. Included at the bottom of this table are summarized rates for the 75-year (long-range) period.

**Table 1** indicates that the OASDI program is projected to be fully solvent for one additional year assuming enactment of the two provisions. The year in which the combined reserves of the OASI and DI Trust Funds are projected to become depleted would change from 2033 under current law to 2034. After depletion of the trust fund reserves, continuing income would be sufficient to pay a slightly higher percentage of scheduled benefits than under current law. Under current law (using the intermediate assumptions of the 2012 Trustees Report), 75 percent of benefits are projected to be payable at trust fund reserve depletion in 2033, declining to 73 percent payable by 2086. Under this proposal, 100 percent of the proposed (higher) scheduled benefits would be fully payable through 2033, and 77 percent would be payable at trust fund reserve depletion in 2034, declining to 75 percent payable by 2086.

The actuarial deficit for the OASDI program over the 75-year projection period is reduced by 0.34 percent of taxable payroll, from an actuarial deficit of 2.67 percent of payroll under current law to an actuarial deficit estimated at 2.32 percent of taxable payroll under the proposal. We project annual balances (annual income rate minus annual cost rate) to continue to be negative for all years of the projection period. Compared to current law, we project smaller annual deficits (negative annual balances) after 2015, with projected deficits smaller by 0.40 percentage points or more from 2037 through 2086.

#### Program Transfers and Trust Fund Reserves

Column 4 of **Table 1a** provides a projection of the level of reserves for the theoretical combined OASI and DI Trust Funds under the basic Social Security provisions of the proposal, expressed in present value dollars discounted to January 1, 2012. The table indicates that the basic provisions include no new specified transfers of general revenue to the trust funds. For purpose of comparison, the OASDI Trust Fund reserves, expressed in present value dollars, are also shown for the current-law Social Security program both without the added general fund transfers (if any) provided under the proposal (column 6) and with the proposal added transfers (column 7). Note that negative values in columns 4, 6, and 7 represent the “unfunded obligation” for the program through the year. The unfunded obligation is the present value of the shortfall of revenue needed to pay full scheduled benefits on a timely basis from the date of trust fund reserve depletion to the end of the indicated year. Gross Domestic Product (GDP), expressed in present value dollars, is shown in column 5 for comparison with other values in the table.

#### Effect of the Basic Social Security Provisions on the Federal Budget

**Table 1b** shows the projected effect, in present value discounted dollars, on the Federal budget (unified-budget and on-budget) cash flows and balances, assuming enactment of the two Social Security provisions of this proposal. **Table 1b.n** provides the estimated nominal dollar effect of enactment of the two provisions individually, and combined, on the annual budget balances for years 2012 through 2023. All values in these tables represent the amount of the *change* from the level projected under current law.

We expect the effect of the two basic Social Security provisions on unified budget cash flow (column 3) to be positive starting for 2015, reflecting the benefit reduction due to the chained CPI provision.

Column 4 of Table 1b indicates that the projected effect of implementing the two basic Social Security provisions is a reduction, starting in 2015, of the Federal debt held by the public. The amount of this reduction reaches \$1.2 trillion in present value by 2086. Column 5 provides the projected effect of the basic Social Security provisions on the annual unified budget balances, including both the cash flow effect in column 3 and the additional interest on the accumulated debt indicated in column 4. Columns 6 and 7 indicate that the basic Social Security provisions of this proposal would have no expected direct effects on the on-budget cash flow, or on the total Federal debt, in the future.

It is important to note that these estimates are based on the intermediate assumptions of the 2012 Trustees Report and, thus, are not consistent with estimates made by the Office of Budget and Management or the Congressional Budget Office based on their assumptions.



## Annual Trust Fund Operations as a Percent of GDP

**Table 1c** provides annual cost, annual expenditures (on a payable basis), and annual tax income for the OASDI program expressed as a percentage of GDP. These values are shown for both present law and assuming enactment of the two Social Security provisions. Showing the annual trust fund flows as a percent of GDP provides an additional perspective on these trust fund operations in relation to the total value of goods and services produced in the United States. The relationship between income and cost expressed as a percent of GDP is similar to that when expressed as a percent of taxable payroll (see Table 1).

## Effects on Trust Fund Reserves and Unfunded Obligations

**Table 1d** provides estimates of the changes due to enactment of the two Social Security provisions in the level of projected trust fund reserves for years prior to trust fund reserve depletion and the level of unfunded obligations for years after trust fund reserve depletion. All values in the table are expressed in present-value discounted dollars. For the 75-year (long-range) period as a whole, the present-law unfunded obligation of \$8.6 trillion in present value is reduced to an unfunded obligation of \$7.4 trillion in present value. This rounded \$1.2 trillion of change equals the following:

- A \$1.2 trillion net decrease in cost (column 3), with benefit reductions due to the chained CPI more than offsetting increases due to the benefit enhancement provision, *minus*
- A \$0.1 trillion decrease in revenue (column 2), reflecting decreased taxation of benefits revenues arising from decreased aggregate benefit levels

We hope these estimates will be helpful. Please let me know if we may provide further assistance.

Sincerely,



Stephen C. Goss  
Chief Actuary

Enclosures

**Table A--Estimated Long-Range OASDI Financial Effects of Two FY2014 Budget Provisions:  
Chain-weighted CPI for COLA and Benefit (PIA) Enhancement after 14 Years Eligibility**

<u>Provision</u>	<u>Estimated Change in Long-Range OASDI Actuarial Balance <sup>1</sup> (as a percent of payroll)</u>	<u>Estimated Change in Annual Balance in 75<sup>th</sup> year <sup>2</sup> (as a percent of payroll)</u>
1) Starting December 2014, compute the COLA for OASDI benefits using the chain-weighted version of the consumer price index for all urban consumers (C-CPI-U). We estimate this new computation will reduce the annual COLA by about 0.3 percentage point, on average. ....	0.53	0.73
2) Starting 2020, provide a uniform benefit (PIA) enhancement after 14 years of benefit eligibility. Phase in PIA increase equal to 5 percent of average retired worker PIA over 10 years, starting with the 15 <sup>th</sup> year of benefit eligibility. Provide a second PIA enhancement phased in over 10 years starting after the 34 <sup>th</sup> year of eligibility. (See letter for details on the computation of the PIA enhancement.)		
For those past their 15 <sup>th</sup> year of eligibility in 2020 (over age 76 for retirees), phase in the PIA enhancement over 10 years starting in 2020.		
Auxiliary beneficiaries receive benefit enhancement based on PIA of governing worker.		
Effect for PIA enhancement (estimated as incremental to chained CPI provision 1) above .....	-0.18	-0.27
<b>Total for both provisions, including interaction .....</b>	<b>0.34</b>	<b>0.45</b>

<sup>1</sup>Under current law, the estimated long-range OASDI actuarial balance is -2.67 percent of taxable payroll.

<sup>2</sup>Under current law, the estimated 75<sup>th</sup> year annual balance is -4.50 percent of taxable payroll.

Notes: All estimates are based on the intermediate assumptions of the 2012 OASDI Trustees Report.

Estimates of individual provisions appear on a stand-alone basis relative to current law, unless otherwise stated.

Social Security Administration  
Office of the Chief Actuary  
July 11, 2013

**Table B1. Changes in Benefits for Hypothetical Workers Beginning Benefit Receipt at age 65  
Use Chain-weighted CPI for Social Security COLA<sup>4</sup> and Provide a Benefit Enhancement after 14 Years Eligibility<sup>5</sup>**

Year Attain Age 65	<u>Scheduled Benefit Level Percent Change at age 65</u>					<u>Proposal Scheduled Benefit</u>	
	<u>Present Law Scheduled</u>		Reduced COLA <sup>4</sup> (Percent change)	Total	<u>Percent of Present Law:</u>		
	<u>Monthly Benefits<sup>3</sup></u> (Wage-Indexed 2012 Dollars)	<u>(CPI-Indexed 2012 Dollars)</u>			<u>Scheduled</u>	<u>Payable</u>	
<b>Very-Low-AIME (\$11,161 for 2012<sup>1</sup>) 30-Year Scaled Earner (8.1% of Retirees<sup>2</sup>)</b>							
2012	678	678	0.0	0.0	100	100	
2030	602	790	-0.9	-0.9	99	99	
2050	602	989	-0.9	-0.9	99	-	
2080	602	1,361	-0.9	-0.9	99	-	
<b>Very-Low-AIME (\$11,161 for 2012<sup>1</sup>) 20-Year Scaled Earner (6.0% of Retirees<sup>2</sup>)</b>							
2012	678	678	0.0	0.0	100	100	
2030	602	790	-0.9	-0.9	99	99	
2050	602	989	-0.9	-0.9	99	-	
2080	602	1,361	-0.9	-0.9	99	-	
<b>Very-Low-AIME (\$11,161 for 2012<sup>1</sup>) 14-Year Scaled Earner (5.2% of Retirees<sup>2</sup>)</b>							
2012	678	678	0.0	0.0	100	100	
2030	602	790	-0.9	-0.9	99	99	
2050	602	989	-0.9	-0.9	99	-	
2080	602	1,361	-0.9	-0.9	99	-	
<b>Low-AIME (\$20,090 for 2012<sup>1</sup>) 44-Year Scaled Earner (13.5% of Retirees<sup>2</sup>)</b>							
2012	886	886	0.0	0.0	100	100	
2030	787	1,034	-0.9	-0.9	99	99	
2050	788	1,294	-0.9	-0.9	99	-	
2080	788	1,781	-0.9	-0.9	99	-	
<b>Low-AIME (\$20,090 for 2012<sup>1</sup>) 30-Year Scaled Earner (6.7% of Retirees<sup>2</sup>)</b>							
2012	886	886	0.0	0.0	100	100	
2030	787	1,034	-0.9	-0.9	99	99	
2050	788	1,294	-0.9	-0.9	99	-	
2080	788	1,781	-0.9	-0.9	99	-	
<b>Low-AIME (\$20,090 for 2012<sup>1</sup>) 20-Year Scaled Earner (2.8% of Retirees<sup>2</sup>)</b>							
2012	886	886	0.0	0.0	100	100	
2030	787	1,034	-0.9	-0.9	99	99	
2050	788	1,294	-0.9	-0.9	99	-	
2080	788	1,781	-0.9	-0.9	99	-	
<b>Medium-AIME (\$44,644 for 2012<sup>1</sup>) 44-Year Scaled Earner (27.2% of Retirees<sup>2</sup>)</b>							
2012	1,460	1,460	0.0	0.0	100	100	
2030	1,297	1,704	-0.9	-0.9	99	99	
2050	1,299	2,133	-0.9	-0.9	99	-	
2080	1,299	2,934	-0.9	-0.9	99	-	
<b>Medium-AIME (\$44,644 for 2012<sup>1</sup>) 30-Year Scaled Earner (4.2% of Retirees<sup>2</sup>)</b>							
2012	1,460	1,460	0.0	0.0	100	100	
2030	1,297	1,704	-0.9	-0.9	99	99	
2050	1,299	2,133	-0.9	-0.9	99	-	
2080	1,299	2,934	-0.9	-0.9	99	-	
<b>High-AIME (\$71,430 for 2012<sup>1</sup>) 44-Year Scaled Earner (20.9% of Retirees<sup>2</sup>)</b>							
2012	1,936	1,936	0.0	0.0	100	100	
2030	1,719	2,258	-0.9	-0.9	99	99	
2050	1,721	2,827	-0.9	-0.9	99	-	
2080	1,721	3,888	-0.9	-0.9	99	-	
<b>Maximum-AIME (\$110,100 for 2012<sup>1</sup>) 43-Year Steady Earner (5.4% of Retirees<sup>2</sup>)</b>							
2012	2,311	2,311	0.0	0.0	100	100	
2030	2,102	2,761	-0.9	-0.9	99	99	
2050	2,102	3,453	-0.9	-0.9	99	-	
2080	2,098	4,740	-0.9	-0.9	99	-	

<sup>1</sup> Average of highest 35 years of earnings wage indexed to 2012.

<sup>2</sup> Projected percent of new retired worker awards in 2050 closest to AIME levels and years of work.

<sup>3</sup> After the trust fund reserves deplete under present law continuing taxes are expected to be enough to pay about three fourths of scheduled benefits.

<sup>4</sup> Starting Dec 2014, compute the COLA using chain-weighted CPI-U, producing 0.3% lower annual COLAs on average.

<sup>5</sup> Increase PIA by 5 percent of the average retired worker PIA phased in over 10 years after 14 Years of Eligibility, starting in 2020. Provide a second 5 percent increase phased in over 10 years after 34 years of eligibility, starting 2020.

All estimates based on the intermediate assumptions of the 2012 Trustees Report.

**Table B2. Changes in Benefits for Hypothetical Workers Beginning Benefit Receipt at age 65  
Use Chain-weighted CPI for Social Security COLA<sup>3</sup> and Provide a Benefit Enhancement after 14 Years Eligibility<sup>4</sup>**

**Proposal Scheduled Benefit as Percent of Present Law Scheduled**

Year Attain Age 65	Age 65	Age 75	Age 85	Age 95
		(Percent)		
<b>Very-Low-AIME (\$11,161 for 2012<sup>1</sup>) 30-Year Scaled Earner (8.1% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	104.7	102.6
2030	99.1	96.3	102.9	100.8
2050	99.1	96.3	102.7	100.6
2080	99.1	96.3	102.6	100.6
<b>Very-Low-AIME (\$11,161 for 2012<sup>1</sup>) 20-Year Scaled Earner (6.0% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	104.7	102.6
2030	99.1	96.3	102.9	100.8
2050	99.1	96.3	102.7	100.6
2080	99.1	96.3	102.6	100.6
<b>Very-Low-AIME (\$11,161 for 2012<sup>1</sup>) 14-Year Scaled Earner (5.2% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	104.7	102.6
2030	99.1	96.3	102.9	100.8
2050	99.1	96.3	102.7	100.6
2080	99.1	96.3	102.6	100.6
<b>Low-AIME (\$20,090 for 2012<sup>1</sup>) 44-Year Scaled Earner (13.5% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	102.4	100.1
2030	99.1	96.3	100.7	98.5
2050	99.1	96.3	100.5	98.3
2080	99.1	96.3	100.5	98.3
<b>Low-AIME (\$20,090 for 2012<sup>1</sup>) 30-Year Scaled Earner (6.7% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	102.4	100.1
2030	99.1	96.3	100.7	98.5
2050	99.1	96.3	100.5	98.3
2080	99.1	96.3	100.5	98.3
<b>Low-AIME (\$20,090 for 2012<sup>1</sup>) 20-Year Scaled Earner (2.8% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	102.4	100.1
2030	99.1	96.3	100.7	98.5
2050	99.1	96.3	100.5	98.3
2080	99.1	96.3	100.5	98.3
<b>Medium-AIME (\$44,644 for 2012<sup>1</sup>) 44-Year Scaled Earner (27.2% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	99.4	97.0
2030	99.1	96.3	97.8	95.4
2050	99.1	96.3	97.8	95.4
2080	99.1	96.3	97.7	95.3
<b>Medium-AIME (\$44,644 for 2012<sup>1</sup>) 30-Year Scaled Earner (4.2% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	99.4	97.0
2030	99.1	96.3	97.8	95.4
2050	99.1	96.3	97.8	95.4
2080	99.1	96.3	97.7	95.3
<b>High-AIME (\$71,430 for 2012<sup>1</sup>) 44-Year Scaled Earner (20.9% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	98.3	95.8
2030	99.1	96.3	96.8	94.3
2050	99.1	96.3	96.7	94.2
2080	99.1	96.3	96.7	94.2
<b>Maximum-AIME (\$110,100 for 2012<sup>1</sup>) 43-Year Steady Earner (5.4% of Retirees<sup>2</sup>)</b>				
2012	100.0	97.7	97.7	95.2
2030	99.1	96.3	96.2	93.7
2050	99.1	96.3	96.1	93.6
2080	99.1	96.3	96.1	93.6

<sup>1</sup> Average of highest 35 years of earnings wage indexed to 2012.

<sup>2</sup> Projected percent of new retired worker awards in 2050 closest to AIME levels and years of work.

<sup>3</sup> Starting Dec 2014, compute the COLA using chain-weighted CPI-U, producing 0.3% lower annual COLAs on average.

<sup>4</sup> Increase PIA by 5 percent of the average retired worker PIA phased in over 10 years after 14 Years of Eligibility, starting in 2020. Provide a second 5 percent increase phased in over 10 years after 34 years of eligibility, starting 2020.

All estimates based on the intermediate assumptions of the 2012 Trustees Report.

**Table B3. Important Characteristics of Hypothetical Workers in 2007**

**Percent of Beneficiaries Within Each Category That Are:**

<u>Category</u>	<u>Dually Entitled</u> <sup>2</sup>	<u>WEP</u> <sup>3</sup>	<u>Foreign Born</u>	<u>All Others</u> <sup>4</sup>
<b>Very-Low-AIME (\$11,161 for 2012<sup>1</sup>):</b>				
30-Year Scaled Earner (9.3% of Retirees)	47	6	11	40
20-Year Scaled Earner (5.8% of Retirees)	38	16	21	31
14-Year Scaled Earner (5.3% of Retirees)	22	21	45	20
<b>Low-AIME (\$20,090 for 2012<sup>1</sup>):</b>				
44-Year Scaled Earner (13.1% of Retirees)	15	2	6	78
30-Year Scaled Earner (5.9% of Retirees)	16	9	18	59
20-Year Scaled Earner (3.1% of Retirees)	10	23	35	37
<b>Medium-AIME (\$44,644 for 2012<sup>1</sup>):</b>				
44-Year Scaled Earner (23.0% of Retirees)	1	1	5	93
30-Year Scaled Earner (4.4% of Retirees)	1	8	26	67
<b>High-AIME (\$71,430 for 2012<sup>1</sup>):</b>				
44-Year Scaled Earner (20.5% of Retirees)	0	0	6	93
<b>Maximum-AIME (\$110,100 for 2012<sup>1</sup>):</b>				
Steady Earner (9.4% of Retirees)	0	0	7	93

Note 1: Percents based on tabulations of a 10-percent sample of newly entitled retired-worker beneficiaries in 2007 (169,725 records). We can be 95 percent confident that each of the values shown above is within 1.4 percentage points of the value we would find using 100 percent of the retirees in 2007.

Note 2: The sum of the percentages for each category (sum across rows) could be greater than 100 percent because some beneficiaries can be classified in more than one of the following groups: dually entitled, WEP, and foreign born.

<sup>1</sup> Average of highest 35 years of earnings wage indexed to 2012.

<sup>2</sup> Under current law, entitled to an additional benefit based on someone else's account. The dually entitled percent is a minimum value. Some beneficiaries that are not currently dually entitled could become dually entitled in the future.

<sup>3</sup> Covered by pension from government employment and are subject to the windfall elimination provision (WEP).

<sup>4</sup> Neither foreign born, subject to WEP, or dually entitled.

**Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio**  
**2014 Budget Provisions for Chain-weighted CPI for OASDI COLA and Benefit (PIA) Enhancement after 14 Years of Eligibility**

Year	Proposal				Change from Present Law		
	Expressed as a percentage of present-law taxable payroll				Expressed as a percentage of present-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance	Trust Fund Ratio 1-1-year	Cost Rate	Income Rate	Annual Balance
2012	13.83	12.89	-0.93	340	0.00	0.00	0.00
2013	13.95	12.83	-1.12	329	0.00	0.00	0.00
2014	13.98	12.93	-1.05	315	0.00	0.00	0.00
2015	13.93	12.95	-0.98	303	-0.04	0.00	0.04
2016	13.86	12.98	-0.88	291	-0.08	0.00	0.07
2017	13.80	13.00	-0.80	281	-0.11	-0.01	0.11
2018	13.81	13.03	-0.78	270	-0.15	-0.01	0.14
2019	13.95	13.04	-0.90	259	-0.19	-0.01	0.18
2020	14.18	13.06	-1.11	247	-0.20	-0.01	0.19
2021	14.44	13.10	-1.35	235	-0.21	-0.01	0.20
2022	14.74	13.12	-1.63	222	-0.23	-0.01	0.22
2023	15.05	13.13	-1.91	208	-0.24	-0.01	0.23
2024	15.34	13.15	-2.19	193	-0.26	-0.01	0.24
2025	15.61	13.17	-2.44	177	-0.27	-0.01	0.26
2026	15.87	13.18	-2.69	161	-0.29	-0.02	0.27
2027	16.11	13.20	-2.92	145	-0.30	-0.02	0.28
2028	16.32	13.21	-3.12	127	-0.31	-0.02	0.30
2029	16.51	13.22	-3.29	109	-0.32	-0.02	0.31
2030	16.66	13.23	-3.43	90	-0.34	-0.02	0.32
2031	16.79	13.24	-3.55	71	-0.36	-0.02	0.34
2032	16.88	13.25	-3.63	51	-0.37	-0.02	0.35
2033	16.94	13.25	-3.69	30	-0.39	-0.02	0.36
2034	16.98	13.25	-3.73	9	-0.40	-0.02	0.37
2035	17.00	13.26	-3.75	---	-0.41	-0.02	0.38
2036	17.01	13.26	-3.75	---	-0.41	-0.02	0.39
2037	17.01	13.26	-3.75	---	-0.42	-0.02	0.40
2038	16.99	13.26	-3.73	---	-0.43	-0.02	0.40
2039	16.96	13.26	-3.70	---	-0.43	-0.02	0.41
2040	16.92	13.26	-3.66	---	-0.43	-0.02	0.41
2041	16.88	13.26	-3.63	---	-0.44	-0.02	0.41
2042	16.84	13.26	-3.59	---	-0.44	-0.02	0.41
2043	16.80	13.25	-3.55	---	-0.44	-0.02	0.42
2044	16.77	13.25	-3.52	---	-0.44	-0.02	0.42
2045	16.74	13.25	-3.49	---	-0.44	-0.02	0.42
2046	16.72	13.25	-3.46	---	-0.44	-0.02	0.42
2047	16.69	13.25	-3.44	---	-0.44	-0.02	0.42
2048	16.67	13.25	-3.42	---	-0.44	-0.02	0.42
2049	16.65	13.25	-3.40	---	-0.45	-0.02	0.42
2050	16.63	13.25	-3.38	---	-0.45	-0.02	0.42
2051	16.62	13.25	-3.37	---	-0.45	-0.02	0.42
2052	16.62	13.25	-3.37	---	-0.45	-0.02	0.42
2053	16.62	13.25	-3.37	---	-0.45	-0.02	0.42
2054	16.63	13.25	-3.38	---	-0.45	-0.02	0.43
2055	16.64	13.25	-3.39	---	-0.45	-0.03	0.43
2056	16.65	13.25	-3.40	---	-0.45	-0.03	0.43
2057	16.67	13.26	-3.41	---	-0.45	-0.03	0.43
2058	16.68	13.26	-3.42	---	-0.46	-0.03	0.43
2059	16.69	13.26	-3.43	---	-0.46	-0.03	0.43
2060	16.70	13.26	-3.44	---	-0.46	-0.03	0.43
2061	16.70	13.26	-3.44	---	-0.46	-0.03	0.43
2062	16.71	13.26	-3.45	---	-0.46	-0.03	0.43
2063	16.72	13.26	-3.45	---	-0.46	-0.03	0.43
2064	16.73	13.26	-3.46	---	-0.46	-0.03	0.43
2065	16.74	13.26	-3.48	---	-0.46	-0.03	0.44
2066	16.76	13.26	-3.49	---	-0.46	-0.03	0.44
2067	16.78	13.27	-3.51	---	-0.46	-0.03	0.44
2068	16.80	13.27	-3.54	---	-0.46	-0.03	0.44
2069	16.83	13.27	-3.56	---	-0.46	-0.03	0.44
2070	16.86	13.27	-3.59	---	-0.46	-0.03	0.44
2071	16.89	13.27	-3.62	---	-0.46	-0.03	0.44
2072	16.91	13.27	-3.64	---	-0.46	-0.03	0.44
2073	16.94	13.28	-3.66	---	-0.47	-0.03	0.44
2074	16.97	13.28	-3.69	---	-0.47	-0.03	0.44
2075	16.99	13.28	-3.71	---	-0.47	-0.03	0.44
2076	17.02	13.28	-3.74	---	-0.47	-0.03	0.44
2077	17.04	13.28	-3.76	---	-0.47	-0.03	0.44
2078	17.07	13.28	-3.78	---	-0.47	-0.03	0.44
2079	17.10	13.29	-3.81	---	-0.47	-0.03	0.45
2080	17.13	13.29	-3.84	---	-0.47	-0.03	0.45
2081	17.16	13.29	-3.87	---	-0.48	-0.03	0.45
2082	17.20	13.29	-3.91	---	-0.48	-0.03	0.45
2083	17.24	13.30	-3.94	---	-0.48	-0.03	0.45
2084	17.28	13.30	-3.98	---	-0.48	-0.03	0.45
2085	17.31	13.30	-4.01	---	-0.48	-0.03	0.45
2086	17.35	13.30	-4.05	---	-0.48	-0.03	0.45
2087	17.39	13.30	-4.08	---	-0.48	-0.03	0.46

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion <sup>1</sup>
2012 - 2086	16.32%	14.00%	-2.32%	2034

Summarized Rates: OASDI			
	Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
	-0.36%	-0.02%	0.34%

Based on Intermediate Assumptions of the 2012 Trustees Report  
<sup>1</sup> Under present law the year of Trust Fund reserve depletion is 2033

**Table 1a - General Fund Transfers, OASDI Trust Fund Assets, and Theoretical OASDI Assets**  
**2014 Budget Provisions for Chain-weighted CPI for OASDI COLA and Benefit (PIA) Enhancement after 14 Years of Eligibility**

Calendar Year	Proposal General Fund Transfers			Present Value in Billions as of 1-1-2012			
	Percentage of Payroll (1)	Present Value in Billions as of 1-1-2012		Proposal Total OASDI Trust Fund Asset Reserves at End of Year (4)	Gross Domestic Product (5)	Theoretical Social Security <sup>1</sup> with Borrowing Authority	
		Annual Amounts (2)	Accumulated as of End of Year (3)			Without General Fund Transfers (6)	With Plan General Fund Transfers (7)
2012	0.0	0.0	0.0	2,626.1	15,439.4	2,626.1	2,626.1
2013	0.0	0.0	0.0	2,563.6	15,479.7	2,563.5	2,563.5
2014	0.0	0.0	0.0	2,504.0	15,668.0	2,504.0	2,504.0
2015	0.0	0.0	0.0	2,447.6	15,946.3	2,445.4	2,445.4
2016	0.0	0.0	0.0	2,395.7	16,203.4	2,389.0	2,389.0
2017	0.0	0.0	0.0	2,347.8	16,420.0	2,334.6	2,334.6
2018	0.0	0.0	0.0	2,300.1	16,593.0	2,278.0	2,278.0
2019	0.0	0.0	0.0	2,244.4	16,683.5	2,211.2	2,211.2
2020	0.0	0.0	0.0	2,175.4	16,728.5	2,130.5	2,130.5
2021	0.0	0.0	0.0	2,091.7	16,749.9	2,034.1	2,034.1
2022	0.0	0.0	0.0	1,990.7	16,737.3	1,919.6	1,919.6
2023	0.0	0.0	0.0	1,872.5	16,689.8	1,787.1	1,787.1
2024	0.0	0.0	0.0	1,738.3	16,605.5	1,637.9	1,637.9
2025	0.0	0.0	0.0	1,589.8	16,481.0	1,473.7	1,473.7
2026	0.0	0.0	0.0	1,428.7	16,309.8	1,296.2	1,296.2
2027	0.0	0.0	0.0	1,256.0	16,115.0	1,106.7	1,106.7
2028	0.0	0.0	0.0	1,074.0	15,930.5	907.3	907.3
2029	0.0	0.0	0.0	884.4	15,741.8	700.0	700.0
2030	0.0	0.0	0.0	689.2	15,549.2	486.3	486.3
2031	0.0	0.0	0.0	490.0	15,364.4	268.0	268.0
2032	0.0	0.0	0.0	288.6	15,192.0	47.0	47.0
2033	0.0	0.0	0.0	86.4	15,025.3	-175.3	-175.3
2034	0.0	0.0	0.0	-115.4	14,863.7	-397.4	-397.4
2035	0.0	0.0	0.0	-315.7	14,704.0	-618.4	-618.4
2036	0.0	0.0	0.0	-514.1	14,544.1	-837.5	-837.5
2037	0.0	0.0	0.0	-709.9	14,387.6	-1,054.2	-1,054.2
2038	0.0	0.0	0.0	-902.6	14,234.9	-1,267.7	-1,267.7
2039	0.0	0.0	0.0	-1,091.4	14,084.3	-1,477.4	-1,477.4
2040	0.0	0.0	0.0	-1,276.0	13,932.5	-1,682.8	-1,682.8
2041	0.0	0.0	0.0	-1,456.5	13,781.3	-1,883.9	-1,883.9
2042	0.0	0.0	0.0	-1,632.8	13,632.3	-2,080.7	-2,080.7
2043	0.0	0.0	0.0	-1,805.3	13,484.0	-2,273.4	-2,273.4
2044	0.0	0.0	0.0	-1,974.1	13,337.1	-2,462.4	-2,462.4
2045	0.0	0.0	0.0	-2,139.6	13,192.0	-2,647.8	-2,647.8
2046	0.0	0.0	0.0	-2,301.7	13,045.1	-2,829.7	-2,829.7
2047	0.0	0.0	0.0	-2,460.7	12,896.0	-3,008.1	-3,008.1
2048	0.0	0.0	0.0	-2,616.6	12,748.1	-3,183.3	-3,183.3
2049	0.0	0.0	0.0	-2,769.6	12,599.8	-3,355.4	-3,355.4
2050	0.0	0.0	0.0	-2,920.0	12,452.8	-3,524.5	-3,524.5
2051	0.0	0.0	0.0	-3,067.9	12,305.9	-3,691.0	-3,691.0
2052	0.0	0.0	0.0	-3,213.7	12,160.4	-3,855.2	-3,855.2
2053	0.0	0.0	0.0	-3,357.6	12,016.5	-4,017.4	-4,017.4
2054	0.0	0.0	0.0	-3,499.9	11,873.9	-4,177.7	-4,177.7
2055	0.0	0.0	0.0	-3,640.7	11,733.4	-4,336.3	-4,336.3
2056	0.0	0.0	0.0	-3,780.1	11,593.6	-4,493.3	-4,493.3
2057	0.0	0.0	0.0	-3,918.2	11,455.7	-4,648.9	-4,648.9
2058	0.0	0.0	0.0	-4,054.9	11,319.5	-4,802.8	-4,802.8
2059	0.0	0.0	0.0	-4,190.1	11,184.5	-4,955.1	-4,955.1
2060	0.0	0.0	0.0	-4,323.7	11,052.2	-5,105.7	-5,105.7
2061	0.0	0.0	0.0	-4,455.8	10,922.0	-5,254.5	-5,254.5
2062	0.0	0.0	0.0	-4,586.4	10,793.9	-5,401.5	-5,401.5
2063	0.0	0.0	0.0	-4,715.4	10,667.4	-5,546.9	-5,546.9
2064	0.0	0.0	0.0	-4,843.1	10,541.9	-5,690.7	-5,690.7
2065	0.0	0.0	0.0	-4,969.6	10,417.7	-5,833.1	-5,833.1
2066	0.0	0.0	0.0	-5,095.0	10,295.2	-5,974.2	-5,974.2
2067	0.0	0.0	0.0	-5,219.5	10,174.1	-6,114.2	-6,114.2
2068	0.0	0.0	0.0	-5,343.1	10,053.7	-6,253.2	-6,253.2
2069	0.0	0.0	0.0	-5,466.0	9,934.5	-6,391.2	-6,391.2
2070	0.0	0.0	0.0	-5,588.2	9,816.3	-6,528.4	-6,528.4
2071	0.0	0.0	0.0	-5,709.7	9,699.8	-6,664.6	-6,664.6
2072	0.0	0.0	0.0	-5,830.3	9,584.7	-6,799.8	-6,799.8
2073	0.0	0.0	0.0	-5,950.1	9,470.3	-6,934.1	-6,934.1
2074	0.0	0.0	0.0	-6,069.2	9,356.9	-7,067.4	-7,067.4
2075	0.0	0.0	0.0	-6,187.5	9,244.2	-7,199.8	-7,199.8
2076	0.0	0.0	0.0	-6,304.9	9,133.4	-7,331.2	-7,331.2
2077	0.0	0.0	0.0	-6,421.4	9,023.5	-7,461.5	-7,461.5
2078	0.0	0.0	0.0	-6,537.2	8,914.1	-7,591.0	-7,591.0
2079	0.0	0.0	0.0	-6,652.3	8,805.8	-7,719.6	-7,719.6
2080	0.0	0.0	0.0	-6,766.8	8,698.5	-7,847.5	-7,847.5
2081	0.0	0.0	0.0	-6,880.6	8,592.2	-7,974.6	-7,974.6
2082	0.0	0.0	0.0	-6,994.0	8,486.7	-8,101.1	-8,101.1
2083	0.0	0.0	0.0	-7,106.9	8,381.9	-8,226.9	-8,226.9
2084	0.0	0.0	0.0	-7,219.2	8,278.3	-8,352.1	-8,352.1
2085	0.0	0.0	0.0	-7,331.1	8,175.6	-8,476.6	-8,476.6
2086	0.0	0.0	0.0	-7,442.5	8,074.3	-8,600.6	-8,600.6
2087	0.0	0.0	0.0	-7,553.3	7,974.3	-8,723.8	-8,723.8
Total 2012-2086		0.0					

Based on the Intermediate Assumptions of the 2012 Trustees Report  
 Ultimate Real Trust Fund Yield of 2.9%

Office of the Chief Actuary  
 Social Security Administration  
 July 11, 2013

<sup>1</sup> Theoretical Social Security is the current Social Security program with the assumption that the law is modified to permit borrowing from the General Fund of the Treasury.

**Table 1b - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI<sup>1</sup> (Present Value 2014 Budget Provisions for Chain-weighted CPI for OASDI COLA and Benefit (PIA) Enhancement after 14 Years of Eligibility)**

Billions of Present Value Dollars as of 1-1-2012

Year	Specified General Fund Transfers	Basic Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow	Change in Debt Held by Public at End of Year	Change in Annual Unified Budget Balance	Change in Total Federal Debt End Of Year	Change in Annual On Budget Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	2.2	2.2	-2.2	2.2	0.0	0.0
2016	0.0	4.4	4.4	-6.6	4.5	0.0	0.0
2017	0.0	6.6	6.6	-13.3	6.9	0.0	0.0
2018	0.0	8.9	8.9	-22.1	9.4	0.0	0.0
2019	0.0	11.0	11.0	-33.2	11.9	0.0	0.0
2020	0.0	11.8	11.8	-45.0	13.2	0.0	0.0
2021	0.0	12.6	12.6	-57.6	14.6	0.0	0.0
2022	0.0	13.5	13.5	-71.1	16.1	0.0	0.0
2023	0.0	14.3	14.3	-85.4	17.7	0.0	0.0
2024	0.0	15.0	15.0	-100.4	19.3	0.0	0.0
2025	0.0	15.7	15.7	-116.2	21.0	0.0	0.0
2026	0.0	16.3	16.3	-132.5	22.7	0.0	0.0
2027	0.0	16.9	16.9	-149.3	24.1	0.0	0.0
2028	0.0	17.3	17.3	-166.7	25.5	0.0	0.0
2029	0.0	17.7	17.7	-184.4	26.9	0.0	0.0
2030	0.0	18.5	18.5	-202.9	28.6	0.0	0.0
2031	0.0	19.1	19.1	-222.0	30.2	0.0	0.0
2032	0.0	19.6	19.6	-241.6	31.8	0.0	0.0
2033	0.0	20.0	20.0	-261.7	33.2	0.0	0.0
2034	0.0	20.4	20.4	-282.0	34.7	0.0	0.0
2035	0.0	20.6	20.6	-302.6	36.0	0.0	0.0
2036	0.0	20.8	20.8	-323.4	37.3	0.0	0.0
2037	0.0	20.9	20.9	-344.2	38.5	0.0	0.0
2038	0.0	20.9	20.9	-365.1	39.7	0.0	0.0
2039	0.0	20.8	20.8	-386.0	40.8	0.0	0.0
2040	0.0	20.8	20.8	-406.7	41.8	0.0	0.0
2041	0.0	20.6	20.6	-427.4	42.9	0.0	0.0
2042	0.0	20.5	20.5	-447.8	43.8	0.0	0.0
2043	0.0	20.3	20.3	-468.1	44.8	0.0	0.0
2044	0.0	20.1	20.1	-488.3	45.7	0.0	0.0
2045	0.0	19.9	19.9	-508.2	46.6	0.0	0.0
2046	0.0	19.7	19.7	-527.9	47.5	0.0	0.0
2047	0.0	19.5	19.5	-547.4	48.3	0.0	0.0
2048	0.0	19.3	19.3	-566.7	49.2	0.0	0.0
2049	0.0	19.0	19.0	-585.7	50.0	0.0	0.0
2050	0.0	18.8	18.8	-604.5	50.8	0.0	0.0
2051	0.0	18.6	18.6	-623.2	51.6	0.0	0.0
2052	0.0	18.4	18.4	-641.6	52.5	0.0	0.0
2053	0.0	18.2	18.2	-659.8	53.3	0.0	0.0
2054	0.0	18.0	18.0	-677.8	54.1	0.0	0.0
2055	0.0	17.8	17.8	-695.6	54.9	0.0	0.0
2056	0.0	17.6	17.6	-713.2	55.7	0.0	0.0
2057	0.0	17.5	17.5	-730.7	56.4	0.0	0.0
2058	0.0	17.3	17.3	-748.0	57.2	0.0	0.0
2059	0.0	17.1	17.1	-765.1	58.0	0.0	0.0
2060	0.0	16.9	16.9	-782.0	58.7	0.0	0.0
2061	0.0	16.7	16.7	-798.7	59.4	0.0	0.0
2062	0.0	16.5	16.5	-815.2	60.2	0.0	0.0
2063	0.0	16.3	16.3	-831.5	60.9	0.0	0.0
2064	0.0	16.1	16.1	-847.6	61.6	0.0	0.0
2065	0.0	15.9	15.9	-863.5	62.2	0.0	0.0
2066	0.0	15.7	15.7	-879.2	62.9	0.0	0.0
2067	0.0	15.5	15.5	-894.7	63.6	0.0	0.0
2068	0.0	15.3	15.3	-910.1	64.2	0.0	0.0
2069	0.0	15.1	15.1	-925.2	64.9	0.0	0.0
2070	0.0	14.9	14.9	-940.1	65.5	0.0	0.0
2071	0.0	14.8	14.8	-954.9	66.2	0.0	0.0
2072	0.0	14.6	14.6	-969.5	66.8	0.0	0.0
2073	0.0	14.4	14.4	-984.0	67.4	0.0	0.0
2074	0.0	14.3	14.3	-998.2	68.1	0.0	0.0
2075	0.0	14.1	14.1	-1,012.4	68.7	0.0	0.0
2076	0.0	14.0	14.0	-1,026.3	69.3	0.0	0.0
2077	0.0	13.8	13.8	-1,040.1	69.9	0.0	0.0
2078	0.0	13.7	13.7	-1,053.8	70.5	0.0	0.0
2079	0.0	13.5	13.5	-1,067.3	71.1	0.0	0.0
2080	0.0	13.4	13.4	-1,080.7	71.7	0.0	0.0
2081	0.0	13.2	13.2	-1,094.0	72.3	0.0	0.0
2082	0.0	13.1	13.1	-1,107.1	72.9	0.0	0.0
2083	0.0	13.0	13.0	-1,120.0	73.5	0.0	0.0
2084	0.0	12.8	12.8	-1,132.9	74.0	0.0	0.0
2085	0.0	12.7	12.7	-1,145.5	74.6	0.0	0.0
2086	0.0	12.5	12.5	-1,158.1	75.2	0.0	0.0
Total 2012-86	0.0	1,158.1	1,158.1				

Based on Intermediate Assumptions of the 2012 Trustees Report.  
Ultimate Real Trust Fund Yield of 2.9%

Office of the Chief Actuary  
Social Security Administration  
July 11, 2013

<sup>1</sup> Effects of tax provisions on the On-Budget are not reflected in this table.



**Table 1b.n - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI<sup>1</sup> (Nominal Dollars)  
2014 Budget Provisions for Chain-weighted CPI for OASDI COLA and Benefit (PIA) Enhancement after 14 Years of Eligibility**

*Billions of Nominal Dollars*

<u>Year</u>	Specified General Fund Transfers (1)	Basic Changes in OASDI Cash Flow (2)	Change in Annual Unified Budget Cash Flow (3)	Change in Debt Held by Public at End of Year (4)	Change in Annual Unified Budget Balance (5)	Change in Total Federal Debt End of Year (6)	Change in Annual On Budget Balance (7)
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	2.5	2.5	-2.6	2.6	0.0	0.0
2016	0.0	5.3	5.3	-8.1	5.5	0.0	0.0
2017	0.0	8.3	8.3	-16.9	8.8	0.0	0.0
2018	0.0	11.5	11.5	-29.3	12.4	0.0	0.0
2019	0.0	14.9	14.9	-45.8	16.5	0.0	0.0
2020	0.0	16.6	16.6	-64.9	19.1	0.0	0.0
2021	0.0	18.6	18.6	-86.9	22.0	0.0	0.0
2022	0.0	20.7	20.7	-112.3	25.4	0.0	0.0
2023	0.0	23.0	23.0	-141.7	29.3	0.0	0.0

Based on Intermediate Assumptions of the 2012 Trustees Report.

Office of the Chief Actuary  
Social Security Administration  
July 11, 2013

<sup>1</sup> Effects of tax provisions on the On-Budget are not reflected in this table.

**Table 1c - Present Law and Proposal Cost, Expenditures, and Income: As Percent of Gross Domestic Product**  
**2014 Budget Provisions for Chain-weighted CPI for OASDI COLA and Benefit (PIA) Enhancement after 14 Years of Eligibility**

Calendar Year	Present Law OASDI			Proposal OASDI		
	Cost (1)	Expenditures (Payable) (2)	Non-Interest Income (3)	Cost (4)	Expenditures (Payable) (5)	Non-Interest Income (6)
2012	5.01	5.01	4.67	5.01	5.01	4.67
2013	5.06	5.06	4.66	5.06	5.06	4.66
2014	5.09	5.09	4.71	5.09	5.09	4.71
2015	5.10	5.10	4.73	5.08	5.08	4.73
2016	5.11	5.11	4.76	5.08	5.08	4.76
2017	5.14	5.14	4.81	5.10	5.10	4.80
2018	5.19	5.19	4.85	5.14	5.14	4.85
2019	5.28	5.28	4.87	5.21	5.21	4.87
2020	5.38	5.38	4.89	5.31	5.31	4.89
2021	5.49	5.49	4.91	5.41	5.41	4.90
2022	5.59	5.59	4.90	5.51	5.51	4.90
2023	5.70	5.70	4.90	5.60	5.60	4.89
2024	5.80	5.80	4.89	5.70	5.70	4.89
2025	5.89	5.89	4.89	5.79	5.79	4.88
2026	5.98	5.98	4.88	5.87	5.87	4.88
2027	6.06	6.06	4.88	5.95	5.95	4.87
2028	6.13	6.13	4.88	6.02	6.02	4.87
2029	6.20	6.20	4.87	6.08	6.08	4.87
2030	6.25	6.25	4.87	6.12	6.12	4.86
2031	6.29	6.29	4.87	6.16	6.16	4.86
2032	6.32	6.32	4.86	6.19	6.19	4.86
2033	6.34	5.16	4.86	6.20	6.20	4.85
2034	6.36	4.85	4.85	6.21	4.85	4.85
2035	6.36	4.85	4.85	6.21	4.84	4.84
2036	6.36	4.85	4.85	6.21	4.84	4.84
2037	6.35	4.84	4.84	6.20	4.83	4.83
2038	6.34	4.84	4.84	6.19	4.83	4.83
2039	6.33	4.83	4.83	6.17	4.82	4.82
2040	6.31	4.83	4.83	6.15	4.82	4.82
2041	6.28	4.82	4.82	6.13	4.81	4.81
2042	6.26	4.81	4.81	6.10	4.80	4.80
2043	6.24	4.81	4.81	6.08	4.80	4.80
2044	6.22	4.80	4.80	6.06	4.79	4.79
2045	6.21	4.79	4.79	6.05	4.78	4.78
2046	6.19	4.79	4.79	6.03	4.78	4.78
2047	6.17	4.78	4.78	6.01	4.77	4.77
2048	6.15	4.77	4.77	5.99	4.76	4.76
2049	6.14	4.76	4.76	5.98	4.76	4.76
2050	6.12	4.76	4.76	5.96	4.75	4.75
2051	6.11	4.75	4.75	5.95	4.74	4.74
2052	6.10	4.75	4.75	5.94	4.74	4.74
2053	6.09	4.74	4.74	5.93	4.73	4.73
2054	6.09	4.73	4.73	5.93	4.72	4.72
2055	6.08	4.73	4.73	5.92	4.72	4.72
2056	6.08	4.72	4.72	5.92	4.71	4.71
2057	6.08	4.71	4.71	5.92	4.70	4.70
2058	6.07	4.71	4.71	5.91	4.70	4.70
2059	6.07	4.70	4.70	5.91	4.69	4.69
2060	6.06	4.69	4.69	5.90	4.69	4.69
2061	6.06	4.69	4.69	5.89	4.68	4.68
2062	6.05	4.68	4.68	5.89	4.67	4.67
2063	6.05	4.68	4.68	5.88	4.67	4.67
2064	6.04	4.67	4.67	5.88	4.66	4.66
2065	6.04	4.66	4.66	5.87	4.65	4.65
2066	6.03	4.66	4.66	5.87	4.65	4.65
2067	6.03	4.65	4.65	5.87	4.64	4.64
2068	6.03	4.64	4.64	5.87	4.64	4.64
2069	6.03	4.64	4.64	5.87	4.63	4.63
2070	6.04	4.63	4.63	5.87	4.62	4.62
2071	6.04	4.63	4.63	5.88	4.62	4.62
2072	6.04	4.62	4.62	5.88	4.61	4.61
2073	6.04	4.62	4.62	5.88	4.61	4.61
2074	6.04	4.61	4.61	5.88	4.60	4.60
2075	6.04	4.61	4.61	5.88	4.60	4.60
2076	6.04	4.60	4.60	5.88	4.59	4.59
2077	6.05	4.59	4.59	5.88	4.59	4.59
2078	6.05	4.59	4.59	5.89	4.58	4.58
2079	6.05	4.59	4.59	5.89	4.58	4.58
2080	6.06	4.58	4.58	5.89	4.57	4.57
2081	6.06	4.58	4.58	5.90	4.57	4.57
2082	6.07	4.57	4.57	5.91	4.56	4.56
2083	6.08	4.57	4.57	5.91	4.56	4.56
2084	6.08	4.57	4.57	5.92	4.56	4.56
2085	6.09	4.56	4.56	5.93	4.55	4.55
2086	6.10	4.56	4.56	5.93	4.55	4.55

Based on Intermediate Assumptions of the 2012 Trustees Report.

Office of the Chief Actuary  
Social Security Administration  
July 11, 2013

**Table 1d - Change in Long-Range Trust Fund Assets / Unfunded Obligation**  
**2014 Budget Provisions for Chain-weighted CPI for OASDI COLA and Benefit (PIA) Enhancement after 14 Years of Eligibility**

(Billions of Dollars, Present Value on 1-1-2012)

Year	Present Law OASDI Trust Fund Assets / Unfunded Obligation Through End of Year (1)	Changes in OASDI Income (2)	Changes in OASDI Cost (3)	Basic Changes in OASDI Cash Flow (4) = (2)-(3)	Total Change Through End of Year (5) = cumulative sum(4)	Proposal OASDI Trust Fund Assets / Unfunded Obligation Through End of Year (6) = (1)+(5)
2012	2,626.1	0.0	0.0	0.0	0.0	2,626.1
2013	2,563.5	0.0	0.0	0.0	0.0	2,563.6
2014	2,504.0	0.0	0.0	0.0	0.0	2,504.0
2015	2,445.4	-0.1	-2.3	2.2	2.2	2,447.6
2016	2,389.0	-0.2	-4.6	4.4	6.6	2,395.7
2017	2,334.6	-0.3	-7.0	6.6	13.3	2,347.8
2018	2,278.0	-0.5	-9.3	8.9	22.1	2,300.1
2019	2,211.2	-0.6	-11.6	11.0	33.2	2,244.4
2020	2,130.5	-0.6	-12.4	11.8	45.0	2,175.4
2021	2,034.1	-0.7	-13.3	12.6	57.6	2,091.7
2022	1,919.6	-0.7	-14.2	13.5	71.1	1,990.7
2023	1,787.1	-0.8	-15.1	14.3	85.4	1,872.5
2024	1,637.9	-0.8	-15.9	15.0	100.4	1,738.3
2025	1,473.7	-0.9	-16.6	15.7	116.2	1,589.8
2026	1,296.2	-0.9	-17.2	16.3	132.5	1,428.7
2027	1,106.7	-0.9	-17.8	16.9	149.3	1,256.0
2028	907.3	-1.0	-18.3	17.3	166.7	1,074.0
2029	700.0	-1.0	-18.8	17.7	184.4	884.4
2030	486.3	-1.1	-19.5	18.5	202.9	689.2
2031	268.0	-1.1	-20.2	19.1	222.0	490.0
2032	47.0	-1.1	-20.7	19.6	241.6	288.6
2033	-175.3	-1.2	-21.2	20.0	261.7	86.4
2034	-397.4	-1.2	-21.5	20.4	282.0	-115.4
2035	-618.4	-1.2	-21.8	20.6	302.6	-315.7
2036	-837.5	-1.2	-22.0	20.8	323.4	-514.1
2037	-1,054.2	-1.2	-22.1	20.9	344.2	-709.9
2038	-1,267.7	-1.2	-22.1	20.9	365.1	-902.6
2039	-1,477.4	-1.2	-22.1	20.8	386.0	-1,091.4
2040	-1,682.8	-1.2	-22.0	20.8	406.7	-1,276.0
2041	-1,883.9	-1.2	-21.8	20.6	427.4	-1,456.5
2042	-2,080.7	-1.2	-21.7	20.5	447.8	-1,632.8
2043	-2,273.4	-1.2	-21.5	20.3	468.1	-1,805.3
2044	-2,462.4	-1.2	-21.3	20.1	488.3	-1,974.1
2045	-2,647.8	-1.2	-21.1	19.9	508.2	-2,139.6
2046	-2,829.7	-1.2	-20.9	19.7	527.9	-2,301.7
2047	-3,008.1	-1.1	-20.6	19.5	547.4	-2,460.7
2048	-3,183.3	-1.1	-20.4	19.3	566.7	-2,616.6
2049	-3,355.4	-1.1	-20.2	19.0	585.7	-2,769.6
2050	-3,524.5	-1.1	-19.9	18.8	604.5	-2,920.0
2051	-3,691.0	-1.1	-19.7	18.6	623.2	-3,067.9
2052	-3,855.2	-1.1	-19.5	18.4	641.6	-3,213.7
2053	-4,017.4	-1.1	-19.3	18.2	659.8	-3,357.6
2054	-4,177.7	-1.1	-19.1	18.0	677.8	-3,499.9
2055	-4,336.3	-1.1	-18.9	17.8	695.6	-3,640.7
2056	-4,493.3	-1.0	-18.7	17.6	713.2	-3,780.1
2057	-4,648.9	-1.0	-18.5	17.5	730.7	-3,918.2
2058	-4,802.8	-1.0	-18.3	17.3	748.0	-4,054.9
2059	-4,955.1	-1.0	-18.1	17.1	765.1	-4,190.1
2060	-5,105.7	-1.0	-17.9	16.9	782.0	-4,323.7
2061	-5,254.5	-1.0	-17.7	16.7	798.7	-4,455.8
2062	-5,401.5	-1.0	-17.5	16.5	815.2	-4,586.4
2063	-5,546.9	-1.0	-17.3	16.3	831.5	-4,715.4
2064	-5,690.7	-1.0	-17.1	16.1	847.6	-4,843.1
2065	-5,833.1	-0.9	-16.9	15.9	863.5	-4,969.6
2066	-5,974.2	-0.9	-16.6	15.7	879.2	-5,095.0
2067	-6,114.2	-0.9	-16.4	15.5	894.7	-5,219.5
2068	-6,253.2	-0.9	-16.2	15.3	910.1	-5,343.1
2069	-6,391.2	-0.9	-16.0	15.1	925.2	-5,466.0
2070	-6,528.4	-0.9	-15.8	14.9	940.1	-5,588.2
2071	-6,664.6	-0.9	-15.7	14.8	954.9	-5,709.7
2072	-6,799.8	-0.9	-15.5	14.6	969.5	-5,830.3
2073	-6,934.1	-0.9	-15.3	14.4	984.0	-5,950.1
2074	-7,067.4	-0.9	-15.1	14.3	998.2	-6,069.2
2075	-7,199.8	-0.8	-15.0	14.1	1,012.4	-6,187.5
2076	-7,331.2	-0.8	-14.8	14.0	1,026.3	-6,304.9
2077	-7,461.5	-0.8	-14.6	13.8	1,040.1	-6,421.4
2078	-7,591.0	-0.8	-14.5	13.7	1,053.8	-6,537.2
2079	-7,719.6	-0.8	-14.3	13.5	1,067.3	-6,652.3
2080	-7,847.5	-0.8	-14.2	13.4	1,080.7	-6,766.8
2081	-7,974.6	-0.8	-14.0	13.2	1,094.0	-6,880.6
2082	-8,101.1	-0.8	-13.9	13.1	1,107.1	-6,994.0
2083	-8,226.9	-0.8	-13.7	13.0	1,120.0	-7,106.9
2084	-8,352.1	-0.8	-13.6	12.8	1,132.9	-7,219.2
2085	-8,476.6	-0.8	-13.4	12.7	1,145.5	-7,331.1
2086	-8,600.6	-0.8	-13.3	12.5	1,158.1	-7,442.5
Total 2012-2086		-67.6	-1225.7	1158.1		

Based on Intermediate Assumptions of the 2012 Trustees Report.

Ultimate Real Trust Fund Yield of 2.9%.

Office of the Chief Actuary  
 Social Security Administration  
 July 11, 2013